

**MEMO TO:** City Council

**FROM:** Rosemarie Ives, Mayor

**DATE:** January 18, 2005

**SUBJECT: SOCIAL ENTERPRISE LETTER OF AGREEMENT WITH  
FAMILY RESOURCE CENTER**

**I. RECOMMENDED ACTION**

By motion authorize the Mayor to sign the attached Letter of Agreement enabling the Family Resource Center to serve as the fiscal agent for the Redmond Social Enterprise Project.

**II. DEPARTMENT CONTACT PERSONS**

Roberta Lewandowski, Director, Planning and Community Development, 425-556-2447  
Lauren Kirby, Manager, Human Services Division, 425-643-4957

**III. DESCRIPTION/BACKGROUND**

The Board of Directors of Family Resource Center has agreed to serve as the fiscal agent to receive capital dollars raised for the Redmond Social Enterprise Project. Angela Belbeck, from Redmond's City Attorney's office drafted the attached letter of agreement, which has been approved by the FRC Board of Directors.

The Redmond Social Enterprise Project team has raised funds to capitalize the venture from the following sources:

Nintendo - \$10,000  
Microsoft - \$10,000  
Orinoco Foundation - \$10,000  
Redmond Rotary - \$10,000  
Redmond Faith Community - \$10,000  
SAFECO - \$5,000  
Robert Pantley - \$1,000

The selected business operator will also contribute a minimum of \$10,000. We have not had a response from a request to the Allen Foundation for \$25,000.

These funds are all dedicated to offset the start-up costs. Family Resource Center will accept the funds, and pass them through to the business operator after it is selected.

Once the business is operational, the profits (minus agreed upon expenses and percentage for the business operator) will be directed to the Seattle Foundation to be disbursed to selected youth programs in Redmond.

The RFP process to select the business operator is underway, and proposals are due January 31. We hope to have the selection process completed by February 18. We are also in mid-process for recruiting the Community Board, which will oversee the venture and provide strategic direction for growth/expansion.

#### IV. IMPACT

A. **Service Delivery**: None

B. **Fiscal**: None for the City, unless remaining fundraising does not generate anticipated dollars. Given the fact that the City funded the majority of the planning phase of this project, we are hoping to generate all capital dollars from outside sources. If necessary, we may allocate dollars from the Human Services Contingency fund to the project.

#### V. LIST OF ATTACHMENTS

**Attachment A:** Letter of Agreement

**Attachment B:** Recruiting information for Business Operator

**Attachment C:** Recruiting information for Community Board

/s/  
\_\_\_\_\_  
Roberta Lewandowski, Planning Director

12/29/04  
\_\_\_\_\_  
Date

Approved for Council Agenda /s/  
\_\_\_\_\_  
Rosemarie Ives, Mayor

1/9/05  
\_\_\_\_\_  
Date

# **ATTACHMENT A**

*Revised December 10, 2004*

## **Agreement between Family Resource Center and City of Redmond**

### **Regarding Redmond Social Enterprise Project**

This agreement (the "Agreement") is entered into this 18th day of January, 2005, between Family Resource Center ("FRC"), a Washington nonprofit corporation qualified for federal tax exemption under Section 501(c)(3) of the Internal Revenue Code, and the City of Redmond, a municipality (collectively, the "Parties").

### **Background**

The City of Redmond has coordinated a community effort to increase the stability of human services agencies by developing new revenue sources for programs. The project is called Redmond Social Enterprise Project (RSEP), and the community volunteer effort is called the RSEP Community Oversight Committee.

The first strategy for increasing revenue is the launching of a business to be conducted at Overlake Transit Center (the "Overlake Business"). The Parties intend that business operator will be a nonprofit organization qualified under Section 501(c)(3) of the Internal Revenue Code, which has not yet been selected. The Parties further intend that a percentage of profits from the Overlake Business will be used to support Washington nonprofit organizations that are qualified under Section 501(c)(3) of the Internal Revenue Code.

FRC works to build the capacity of agencies to serve the community. FRC's board has determined that it is consistent with FRC's charitable mission to support the Overlake Business project. FRC accordingly desires to raise funds that it may use to provide start-up capital for the Overlake Business. The City of Redmond desires to assist FRC, and FRC desires to obtain the assistance and expertise of the City of Redmond, in raising funds for FRC to use for such purpose.

### **Agreement**

1. FRC hereby authorizes the City of Redmond to solicit funds for FRC's use to support the start-up of the Overlake Business. This authorization extends only to solicitations for funds in support of the Overlake Business, and not to any other solicitations on FRC's behalf. City of Redmond staff will prepare charitable solicitation materials, which may include grant requests, on FRC's behalf, for the purpose of soliciting such funds. City of Redmond staff shall obtain FRC's specific permission to approach any potential funding source, whether individual, corporation, foundation, or other source, prior to soliciting

funds on FRC's behalf from such source. City of Redmond staff shall obtain approval from FRC of all solicitation materials prior to providing any solicitation materials bearing FRC's name to any potential funding source. FRC may in its sole discretion choose not to solicit funds from any source suggested by the City of Redmond if such solicitation could interfere with other FRC priorities.

2. The Parties intend that the RSEP Community Oversight Committee shall identify an organization qualified under Section 501(c)(3) of the Code that is best situated to operate the Overlake Business (the "Project Charity") and recommend that entity to the City of Redmond and FRC for final approval.
3. FRC shall distribute funds raised under this Agreement to the Project Charity in support of the Overlake Business in accordance with donor intent within a reasonable period following their receipt by FRC, provided, however, that FRC reserves the right to utilize all funds raised under this Agreement in a manner that complies with FRC's legal and fiscal responsibilities. Unless otherwise stated by the donor, "donor intent" for these purposes shall mean the costs associated with start-up capital and working inventory costs for the Overlake Business as described in Appendix A. The parties anticipate that materials in substantially the form of Appendix A will be included with solicitation materials to potential funding sources and will form the basis for funding determinations. In the event the Project Charity is not selected and the Overlake Business does not move forward, all funds shall be returned to the donors.
4. FRC shall have the right to appoint a member to any planning group developing RSEP strategies.
5. The Parties anticipate that they will enter into an agreement with the Project Charity with respect to the Overlake Business in connection with distributing funds to the Project Charity, lease of the Overlake Business site, and operational components. The City of Redmond acknowledges that an essential term of any such agreement is a provision under which the Project Charity agrees to hold FRC harmless from any liability with respect to the Overlake Business.
6. FRC has no obligation to utilize the services of the City of Redmond to solicit funds pursuant to this Agreement for any specific term and may in its sole discretion withdraw permission to solicit on its behalf without cause upon thirty days written notice to the City of Redmond Human Services Manager. In the event of misfeasance or malfeasance by the City of Redmond or its agents, FRC may terminate this Agreement immediately upon written notice to the City of Redmond Human Services Manager.

The City of Redmond has no obligation to solicit funds for RSEP on FRC's behalf for any specific term and may in its sole discretion terminate this agreement without cause upon thirty days written notice to FRC's executive director. In the event of misfeasance or malfeasance by FRC, the City of Redmond may terminate this Agreement immediately upon written notice.

7. This Agreement shall expire upon the sooner of June, 2005, or execution of an agreement by FRC, the City of Redmond, and the Project Charity.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

\_\_\_\_\_  
Pamela Mauk,  
Executive Director, FRC

\_\_\_\_\_  
Mayor Rosemarie Ives  
City of Redmond

# A UNIQUE SOCIAL ENTERPRISE BUSINESS OPPORTUNITY FOR NON-PROFIT AGENCIES



## What is Red's Express?

- A social enterprise café<sup>1</sup> located at the Overlake Transit Center in Redmond (next to Microsoft)
- A ready-to-launch business, complete with business plan and capital funds for start-up
- The product of a broad-based community team's work to generate a sustainable, reliable, funding source for programs that support Redmond's youth

## Red's Express Is Looking For An Eligible Business Operations Partner:

- Must be a non-profit 501(c)(3) organization. Experience with a similar operation is essential and experience with a start-up business is preferable

## Red's Express Will:

- Sell products that meet consumer demand and support locally-owned businesses
- Offer a delivery service & provide fast, friendly service
- Employ & train local youth
- Provide a sustainable source of funding for selected Redmond youth programs
- View social & profitable goals as equal

## Operator Duties:

- Report to RSEP Community Board on financial issues, strategy and overall operational health of the business
- Oversee day to day café activities
- Hire and manage staff
- Oversee menu
- Build customer & vendor relations
- Financial reporting & planning
- Play integral role in growth opportunities, including scalability of café

## Benefits:

- Business plan, market analysis, and marketing plan are completed
- Flexibility for business operator to customize/refine plan
- Start-Up funding provided by companies and organizations in Redmond
- Rent-free space
- Minimal upfront investment required
- Share of annual profits with opportunity for larger bonus (as a % of profits)
- High visibility due to first-of-its kind community initiated social enterprise venture

## Next Steps:

- Read Business Plan ([www.socialenterprisegroup.com](http://www.socialenterprisegroup.com) or [www.ci.redmond.wa.us](http://www.ci.redmond.wa.us))
- Indicate your interest in receiving the formal RFP in January, 2005
- Questions? Contact Lauren Kirby at (425) 643-4957 or [lkirby@redmond.gov](mailto:lkirby@redmond.gov).

<sup>1</sup> Any earned-income business or strategy undertaken by a nonprofit to generate revenue in support of its charitable mission. "Earned income" consists of payments received in direct exchange for a product, service or privilege. Source: Social Enterprise Alliance

**The Redmond Social Enterprise Project is looking for community-minded, entrepreneurially-inspired, youth-supportive, business savvy people to serve on its Founding Community Board**

RSEP is a community-driven, collaborative effort to support the healthy development of vulnerable youth through social enterprise ventures that generate a sustainable, reliable funding source for local youth programs. Its first venture is Red's Express, described below.

A team of community members has spent over a year designing the model and raising funds to capitalize Red's Express. It's now time to transition from the current "interim" board to the permanent Community Board.

**DESIRED SKILL SETS**

Small business experience • business start-up • legal•entrepreneurial • social enterprise • finance • marketing • public relations • youth development • community connections

In addition to these skill sets, we're looking for a broad range of perspectives from the business, education, faith, government, service and non-profit communities.

**COMMUNITY BOARD JOB DESCRIPTION**

- Provide oversight and strategic direction for growth of the enterprise(s)
- Determine which local youth programs will receive profits from the enterprise(s)
- Provide guidance/expertise to business operations partner as needed or requested
- Review and address the financials provided by the business operations partner
- Performance reviews, hiring and firing of business operations partner
- Act as community ambassador and advocate of the enterprise(s)
- Serve a one year term which is renewable up to a maximum of four years
- Attend monthly meetings (2 hours each), and participate in additional promotional events as necessary.
- Ability to make decisions balancing both financial health and social mission

**WHAT IS RED'S EXPRESS?**

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**RED'S EXPRESS WILL:**

- Sell products that meet consumer demand and support locally-owned businesses
- Be operated by a Non-Profit 501 (c) (3) agency to be selected through a competitive process in early 2005
- Offer a delivery service & provide fast, friendly service
- Employ & train local youth
- View social & profitable goals as equal

**INTERESTED IN LEARNING MORE?**

For more information, or to obtain a copy of RSEP's Business Plan, call Lauren Kirby at (425) 643-4957. The Business Plan can also be viewed at [www.redmond.gov](http://www.redmond.gov) or [www.socialenterprisegroup.com](http://www.socialenterprisegroup.com)

**TO APPLY FOR THE RSEP BOARD**

Fill out the attached form, and return to Lauren Kirby, P.O. Box 97010, MS: CHPL, Redmond, WA 98073-9710, by January 31, 2005.

# Application for the Redmond Social Enterprise Project Community Board

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

Phone \_\_\_\_\_ Email \_\_\_\_\_

*Please check all that apply:*

AREAS OF EXPERTISE	AFFILIATIONS <i>(please name)</i>
<input type="checkbox"/> Starting a small business	<input type="checkbox"/> Corporation
<input type="checkbox"/> Running a small business	<input type="checkbox"/> Small Business
<input type="checkbox"/> Social Enterprise	<input type="checkbox"/> Service Club
<input type="checkbox"/> Accounting/Finance	<input type="checkbox"/> Educational System
<input type="checkbox"/> Legal	<input type="checkbox"/> Local Government
<input type="checkbox"/> Fundraising	<input type="checkbox"/> Faith Community
<input type="checkbox"/> Marketing	<input type="checkbox"/> Non-Profit Organization
<input type="checkbox"/> Public Relations	<input type="checkbox"/> Chamber of Commerce
<input type="checkbox"/> Non-Profit Management	<input type="checkbox"/> Other:
<input type="checkbox"/> Community Development	
<input type="checkbox"/> Youth Development	
<input type="checkbox"/> Strategic Planning	
<input type="checkbox"/> Other:	

Why are you interested in serving on the Redmond Social Enterprise Community Board?

*(Use additional page, if necessary.)* \_\_\_\_\_

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*Please return the completed form to Lauren Kirby, P.O. Box 97010, MS:CHPL, Redmond, 98073-9710 by January 31, 2005.*